



DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket Number MARAD-2023-0041]

Buy America Request for Information; Federal Ship Financing Program

AGENCY: Maritime Administration (MARAD), Department of Transportation (DOT).

ACTION: Notice; request for information (RFI).

SUMMARY: MARAD, a modal agency of DOT, administers the Federal Ship Financing Program (“Title XI”), which provides loan guarantees to finance the construction of commercial vessels in U.S. shipyards or shipyard projects. Although Title XI provides important support for U.S. shipyards, the U.S. maritime industry in general, including the shipbuilding sector, has been on the decline for decades. As a result, U.S. shipyards frequently turn to foreign manufacturers for a variety of components that are not made in the U.S. This RFI is intended to gather information regarding the availability of domestically manufactured components for commercial shipbuilding in the U.S., particularly considering the investment planned in commercial shipbuilding for support of offshore windfarm facilities by MARAD through loan guarantees from the Title XI program. MARAD is seeking input from the public, including stakeholders (such as State and local agencies, the marine component manufacturing industry, component suppliers, labor unions, related associations, ship operators, and transportation advocates), on the availability of ship components manufactured in the U.S. that can meet the Title XI domestic content requirement.

DATES: Comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: To ensure that you do not duplicate your docket submissions, please submit all comments by only one of the following ways:

- *Federal eRulemaking Portal:* Go to <https://www.regulations.gov> and follow the online instructions for submitting comments.
- *Mail:* Docket Management Facility, U.S. Department of Transportation, 1200 New Jersey Ave. SE, W12-140, Washington, DC 20590-0001.
- *Hand Delivery:* W12-140 of the Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590 between 9 a.m. and 5 p.m. E.T., Monday through Friday, except Federal Holidays. The telephone number is 202-366-9329.
- *Instructions:* You must include the agency name and the docket number, MARAD-2023-0041, at the beginning of your comments. All comments received will be posted without change to <https://www.regulations.gov>, including any personal information provided.
- *Note:* Input submitted online via www.regulations.gov is not immediately posted to the site. It may take several business days before your submission is posted.
- *Privacy Act:* Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). For information on DOT's compliance with the Privacy Act, please visit <https://www.transportation.gov/privacy>.

FOR FURTHER INFORMATION CONTACT: Mr. David Heller, MARAD Associate Administrator for Business and Finance Development, 202-366-1850, or via email at david.heller@dot.gov. For legal questions, please contact Ms. Lauren Gill, MARAD Office of Chief Counsel, 202-366-2150, or via email at lauren.gill@dot.gov. Office hours for MARAD are from 8 a.m. to 4:30 p.m., E.T., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Electronic Access

A copy of this Notice, all comments received on this Notice, and all background material may be viewed online at <https://www.regulations.gov> using the docket number listed above. Electronic retrieval help and guidelines are also available at <https://www.regulations.gov>. An electronic copy of this document also may be downloaded from the Office of the Federal Register's Website at: www.FederalRegister.gov and the Government Publishing Office's database at: www.GovInfo.gov.

Confidential Business Information

Confidential Business Information (CBI) is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this RFI contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this RFI, it is important that you clearly designate the submitted comments as CBI. You may ask DOT to give confidential treatment to information you give to the Department by taking the following steps: (1) Mark each page of the original document submission containing CBI as "Confidential"; (2) send DOT, along with the original document, a second copy of the original document with the CBI deleted; and (3) explain why the information you are submitting is CBI. Unless you are notified otherwise, DOT will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this RFI. Submissions containing CBI should be sent to Mr. David Heller, Associate Administrator for Business and Finance Development, Room W21-318, MARAD, 1200 New Jersey Avenue SE, Washington, DC 20590. Any comment submissions that DOT receives that are not specifically designated as CBI will be placed in the public docket for this matter.

Background

As expressed in Executive Order 14005, Ensuring the Future Is Made in All of America by All of America's Workers (86 FR 7475), it is the policy of the Executive Branch to maximize, consistent with law, the use of goods, products, and materials produced in, and services offered in, the United States. Although the Title XI statute does not contain any domestic content requirements, as a matter of policy, MARAD adopted a domestic content requirement by regulation, set forth in 46 CFR 298.13.¹ Rather than affirmatively requiring recipients to meet a domestic content standard as a condition of financial assistance, under Section 298.13(b)(2), MARAD excludes from the loan amount that MARAD guarantees the costs of foreign components and services used in vessel construction unless MARAD grants a waiver for these costs.

MARAD reviews waiver requests based on certifications from the applicant that:

- (A) A foreign item or service is not available in the United States on a timely or price-competitive basis, or
- (B) The domestic item or service is not of sufficient quality.

Under Title XI's domestic content requirement, an item is considered to be available in the United States (i.e., domestic) if it is manufactured in the U.S. As indicated at 46 CFR 298.13(b)(2)(i), MARAD does not grant waivers for major foreign components of the ship's hull and superstructure. This requirement tracks the long-established U.S. construction requirement for ships to operate in the Jones Act trade, set forth in 46 CFR 67.97, which is regulated by the U.S. Coast Guard. Pursuant to section 67.97, , a vessel must be assembled entirely in the United States, and all "major

¹ MARAD has determined that the requirements of the Build America, Buy America Act (BABA), enacted as part of the Infrastructure Investment and Jobs Act (Public Law 117-58, November 15, 2021), relating to the use of domestic steel, iron, manufactured products, and construction materials do not apply to the Title XI program because the recipients of such assistance are for-profit entities which, as indicated in the Office of Management and Budget's Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure, M-22-11 (April 18, 2022), are not considered non-Federal entities for purposes of applying the BABA domestic preference requirements for public infrastructure projects.

components of the hull and superstructure” must be fabricated in the United States to be considered built in the United States.

Title XI’s domestic content requirement is intended to incentivize shipowners to purchase vessels that have maximized the use of domestic-made products and components in an effort to create a steady source of demand that will help catalyze domestic production and bolster thin supply chains. However, the availability of components for commercial ships is heavily influenced by the nature and size of the product market. The U.S. has a significantly smaller domestic commercial shipbuilding industry than the European Union, Japan, South Korea, and China due to government support for that type of heavy-industrial manufacturing by those countries. In addition to the higher cost of operating in a small domestic market, U.S. commercial ship component manufacturers are also limited in their ability to compete by differences in domestic and international maritime specifications/standards. Consequently, domestically manufactured components specified for the construction of a ship are often either unavailable or, if available, cannot be used as a substitute within a system of components that is foreign manufactured. For instance, if a single manufacturer is responsible for a propulsion system, substituting a foreign-manufactured component with a comparable U.S. manufactured component may void the warranty for the entire system or make the entire propulsion system unreliable. As a result, the U.S. shipbuilding industry must incorporate some foreign manufactured components in almost all types of ships.

Currently, MARAD has some understanding of the availability of ship components in the United States that can comply with Title XI’s domestic content requirement but wishes to expand its available information, particularly with the recent significant interest and investments in offshore windfarm facilities. Therefore, with the goal of maximizing the use of and expanding ship component manufacturing in the U.S., MARAD is seeking information on sourcing compliant domestic components available to the U.S.

commercial shipbuilding industry, based on a list of components that MARAD has previously identified as not typically available domestically. By shifting and maximizing manufacturing to the U.S. for ship components as soon as is practicable, domestic manufacturing firms have the potential to obtain significant benefits from the investments planned in the commercial shipbuilding industry.

This RFI is intended to: (i) help MARAD better understand whether and to what extent domestic sourcing is available now or may be possible in the future for commercial ship components that have historically only been available from foreign sources; (ii) ensure U.S. shipbuilders and ship operators have the opportunity to identify any commercial ship component market resources meeting the Title XI domestic content requirement; and (iii) highlight the benefits of shifting manufacturing to the U.S., considering the investment planned in this area.

Request for Information

Through this RFI, MARAD seeks information and suggestions from the public and a broad array of stakeholders that may be familiar with or interested in manufacturing domestic ship components. Specifically, MARAD seeks information regarding the availability of domestic ship components to the U.S. commercial shipbuilding industry, and their inclusion in Title XI projects. This information will be used to better assess requests for waivers and encourage use of domestic-made components.

As a baseline, MARAD has identified the following categories of ship components it believes are not currently manufactured in the U.S. through information it has collected as part of its domestic content review of Title XI ship construction projects over the past decades:

- Marine Propulsion—energy generating systems, propulsion units, transmission propulsion systems, marine diesel, support systems, fuel service, spares.

- Navigation Systems—interior/exterior communications, surface surveyance, navigation systems (RADAR, GMDSS, ECDIS, INMARSAT), spares.
- Auxiliary Systems—pumps (including waterjet pumps and waterjet thrusters), climate control (HVAC systems), firefighting systems, compressed air systems, ventilation fans, boilers, ship control (steering, rudder, trim/heel, maneuvering, motion control/stabilizers and fins), cranes and elevators, anchoring and mooring systems.
- Electric Plant—electric power generation, power distribution systems (electrical switchboards and switchgear), electric motors, lighting systems, batteries (EV power generation), power generation supports, special purpose systems, spares.
- Outfitting and Furnishings—ship fittings, hull compartmentation (grating, ladders), motion compensation (walkway, accommodation ladder), coatings, living spaces (modular cabins).

In this RFI, these items are referred to collectively as the “Foreign Components.” MARAD encourages commenters to identify ship components listed above that currently have sufficient domestic availability to support Title XI projects, or to recommend modifications to the above listed components or categories of components so domestic sources may be more readily identified. MARAD also encourages commenters to identify other components or categories of components that should be considered “Foreign Components.”

MARAD is providing the following questions to prompt feedback. MARAD encourages public comment on any or all of these questions, and also seeks any other information commenters believe is relevant.

In answering the questions below, MARAD asks that you specify in your written comments which question(s) you are answering and what type of ship component(s) you are discussing.

General Questions on the Listed Foreign Components

1. Are there any ship components commonly used in Title XI projects that are not identified in this RFI as Foreign Components but which, as a commercial shipbuilder or ship operator, you believe should be brought to MARAD's attention as a Foreign Component not available in the US? If so, for each such identified ship component, please provide the following information:
 - a. What is the basis and need for that ship component to be included as a Foreign Component?
 - b. Please confirm that the component is not part of the hull or superstructure.
 - c. What is the typical total cost of the identified Foreign Component?
 - d. How much does the cost vary for each Foreign Component? Why does the cost vary?
 - e. What is the average delivery timeline for each Foreign Component identified? Please be specific about which ship component you are referencing.
 - f. How much does delivery time vary for each Foreign Component? Why does the delivery time vary?
 - g. Where is the place of manufacture of the Foreign Component?

Manufacturer(s) Ability to Meet Title XI's Existing Domestic Content Requirement

2. Are you aware of any existing ship component manufacturers that can meet the Title XI domestic content requirement for one or more of the Foreign Components? If so, for each identified ship component, please provide the following information:
 - a. The make, model, and/or specifications of the identified ship component, as well as its place of final manufacture.

- b. Explain how the component is designed for use in the marine environment.
 - c. How many of the ship components meeting Title XI's existing domestic content requirement can be manufactured per year?
 - d. What is the price typically paid for the domestic ship component?
 - e. What is the typical delivery timeline for the domestic ship component?
 - f. How much does delivery time vary for each domestic ship component?
Why does the delivery time vary?
 - g. Where is the place of manufacture of the component?
3. For those Foreign Components that currently cannot meet Title XI's domestic content requirement, what steps can be taken to provide ship components that meet Title XI's existing domestic content requirement? How long might it take to undertake those steps? What is the volume of ship components that could be shifted to manufacture in compliance with Title XI's domestic content requirement? Can that volume be ramped up over time?
4. For manufacturers, ship builders, ship operators, and any other affected stakeholders, what are the anticipated administrative costs associated with complying with the Title XI domestic content requirement?

Ability To Maximize Domestic Content, Services, and Labor

- 5. Please provide information on how the domestic content of ships systems (including their components could be maximized (even if all ship components cannot comply with the Title XI domestic content requirement).
- 6. Please provide information on how domestic services and labor used in the manufacturing of specific ship components could be maximized (even if the item cannot comply with the Title XI domestic content requirement).

7. In the absence of a waiver, how would the exclusion of the cost of foreign components from the amount of a loan under Title XI affect the financial feasibility of constructing a vessel?
8. How else might MARAD spur and incentivize domestic availability of ship components commonly used in Title XI projects?

(Authority: 46 U.S.C. chapter 537; 49 CFR 1.93(a), 46 CFR part 298)

By order of the Maritime Administrator.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

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